

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

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E. O. 11652 N/ A

TAGS: EAID, KS

SUBJ: CY 1973 RICE UMR

REF: (A) SEOUL 2576 (B) STATE 71813

1. WE HAVE CONSIDERED ROKG CONCERN WITH ESTABLISHMENT UMR IN PROPOSED CY 1973 PL 480 RICE AGREEMENT, BUT DO NOT AGREE WITH THEIR ARGUMENTS. CONCEPT UMRS NOT NEW ROKG SINCE THEY HAVE EXISTED FOR NUMBER OF YEARS IN NON- RICE AGREEMENTS. USG OBLIGATED BY PL 480 LEGISLATION TO ASSURE CONCESSIONAL PROGRAMING IS ADDITIONAL TO COMMERCIAL MARKETINGS.

2. UMR NOT INCLUDED IN FIRST RICE AGREEMENT SINCE COMMERCIAL IMPORTS OF RICE BY ROKG UP TO THAT TIME HAD BEEN INTERMIT- TENT. ESTABLISHMENT UMR NOW CALLED FOR BECAUSE ROKG HAS IMPORTED COMMERCIALLY EACH OF PAST FIVE YEARS. USG DECISION
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TO INCLUDE UMR, HOWEVER, NOT MOTIVATED PRIMARILY BY THIRD COUNTRY CONSIDERATIONS. PL 480 LEGISLATION DIRECTS SAFE-GUARDING OF US USUAL MARKETINGS AS WELL AS TO ASSURE NORMAL PATTERNS OF COMMERCIAL TRADE WITH FRIENDLY COUNTRIES ARE NOT UNDULY DISRUPTED. ROKG HAS RECOGNIZED IT HAS OBLIGATION TO MAKE COMMERCIAL PURCHASES FROM US EXCEPT FOR EXCEPTIONAL CIRCUMSTANCES. THIS OBLIGATION RECOGNIZED AND USDA HAS JUST RECONFIRMED THIS UNDERSTANDING WITH KOREAN EMBASSY HERE. ROKG HAS ALSO BEEN ADVISED OF OUR DESIRE

USE KFX FOR PART OF US RICE AVAILABILITY.

3. IN THIS CONNECTION, LACK OF UMR HAS CREATED PROBLEM FOR USG IN FAO AND ITS SUBSIDIARY BODIES. " EXTRAORDINARY CIRCUMSTANCES" AND/ OR " LACK OF HISTORY OF COMMERCIAL IMPORTS" WERE PREVIOUS JUSTIFICATIONS GIVEN BY USG FOR OMISSION UMR WHICH WE FEEL NO LONGER APPLY TO SITUATION IN ROKG.

4. JAPAN AND US ARE MEMBERS FOOD AID COMMITTEE OF IWA AS WELL AS WASHINGTON- BASED CONSULTATIVE SUBCOMMITTEE ON SURPLUS DISPOSAL. MEMBER GOVERNMENTS THESE ORGANIZATIONS HAVE HAD CONCESSIONAL FOOD AGREEMENTS WITH FOOD- DEFICIT COUNTRIES FOR NUMBER YEARS. FACT THAT EACH AGREEMENT RECOGNIZES UMR, ESTABLISHED GENERALLY BY PRINCIPAL DONOR, HAS CREATED NO DIFFICULTY FOR RECIPIENT COUNTRIES. UMRS ARE NOT ADDITIVE. ONE REASON FOR DONOR COUNTRY CONSULTATION IS TO ASSURE ONLY ONE UMR ESTABLISHED FOR EACH SUPPLY PERIOD.

5. TERMS JAPANESE RICE LOANS OF COURSE MATTER BETWEEN GOJ AND ROKG. ESTABLISHMENT UMR IS PROCEDURAL MATTER, I. E., RECOGNIZING ROKG PURCHASES OF PAST SEVERAL YEARS, RATHER THAN TIGHTENING OF TERMS.

6. RE PARA 3 REFTTEL, KOREAN COMMERCIAL PURCHASES DEMONSTRAT EXISTENCE OF COMMERCIAL MARKET. CONCESSIONAL PROGRAMING SHOULD BE IN ADDITION TO THESE USUAL MARKETINGS. UMR LEVEL IS NOT MEANT TO BE " PENALTY". AS NOTED PARA 3 REF (B), ESTABLISHMENT UMR IN FUTURE YEARS IS SUBJECT TO MARKET LIMITED OFFICIAL USE

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CONDITIONS AND OTHER FACTORS PREVAILING AT TIME OF FUTURE REQUESTS FOR CONCESSIONAL RICE PURCHASES.

7. RE PARA 4 REF (A) WE BELIEVE RECOGNIZING NORMAL COMMERCIAL PURCHASES DOES NOT CURTAIL FLEXIBILITY OF IMPORTING COUNTRIES.

8. IN SUM, WE BELIEVE PROPOSED RICE AGREEMENT SHOULD

RECOGNIZE COMMERCIAL IMPORT HISTORY BY INSTITUTING UMR
FOR CY 1973.

9. DECONTROL DECEMBER 31, 1973. ROGERS

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